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SPS-1122

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4 June 1958

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SP-1914

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Amendment Nos. 6 and 3 to Contracts Nos. SP-1913 and SP-1914 respectively, with Lockheed Aircraft Corporation, Burbank, California, Project OAKFISH/AF

1. This memorandum contains a recommendation submitted for approval of the Special Assistant to the Director for Planning and Development. Such recommendation is set forth in Paragraph 4.

2. In the course of Contractor's performance under Contracts Nos. SP-1913 and SP-1914, it was required to pay a Personal Property Tax to the County of Los Angeles, California on property acquired in the performance of the above contracts and which by virtue of Progress Payments, the Government had gained title. At the instructions of the Contracting Officer which were in keeping with procedures being followed by all Government Agencies having contracts in Los Angeles County, these taxes were paid by the Contractor under protest, and the expense of such taxes was recognized as an allowable cost under the above contracts. There is presently a suit in the Courts of California testing the legality of this tax on "Government Property". Until final disposition of this case, the Government is reserving its right to a refund in the event of a favorable decision.

3. The final contract prices for the aircraft and related equipment delivered to the Agency and the Air Force were established under Amendments Nos. 5 and 2 to Contracts Nos. SP-1913 and SP-1914, CHAL-0063 and CHAL-0047, respectively. In these Amendments, among other things, it was stated that the final price was contingent upon "final disposition of Personal Property Tax Claims". The purpose of Amendments Nos. 6 and 3 to SP-1913 and SP-1914 is to more properly define and clarify the intentions of the contracting parties with respect to this tax. The clause being added is consistent with that used by the Department of the Air Force in their negotiation and contracts with the Lockheed

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Aircraft Corporation. It is to be noted that the clause also provides for additional reimbursement to the Contractor if the tax base is increased. However, the possibility of a retro-active increase in the tax rate going back to the period of performance under these contracts is remote and the payment of any further Personal Property Tax under these contracts does not appear to be realistic. Therefore, no additional funds are to be obligated or budgeted as a result of these Amendments.

4. Approval of Amendments Nos. 6 and 3 to Contracts Nos. SP-1913 and SP-1914 respectively, and execution thereof, on behalf of the Agency by the authorized Contracting Officer is recommended.

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SIGN
[Redacted]
Contracting Officer, DPS/DCI

CONCURRENCES:

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SIGN
[Redacted]
Director of D and P, DPS/DCI

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[Redacted] 6/5/58
Comptroller, DPS/DCI

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SIGN
[Redacted] 6/9/58
Office of General Counsel

Approval requested in
paragraph 4, granted.

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DPS/DCI: [Redacted]:pf
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RICHARD M. BISSELL, JR.
SA/PD/DCI

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